

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 18615
[REDACTED],)	
)	DECISION
Petitioners.)	
_____)	

On January 5, 2005, the staff of the Tax Discovery Bureau (Bureau) of the Idaho State Tax Commission issued a Notice of Deficiency Determination to [Redacted] proposing income tax, penalty, and interest for the taxable years 1997 through 2002 in the total amount of \$8,143.

On March 9, 2005, Mr. [Redacted] provided income tax returns for the years 1997 through 2000 and protested the notice of deficiency for the years 2001 and 2002. The Bureau accepted the returns Mr. [Redacted] submitted and cancelled the Notice of Deficiency Determination for the years 1997 through 2000. Mr. [Redacted] stated he intended to file returns for 2001 and 2002, so the Bureau allowed Mr. [Redacted] additional time to prepare the returns.

While the Bureau was waiting for the 2001 and 2002 returns, it received additional information that showed the Notice of Deficiency Determination for those years was incorrect. The Bureau sent Mr. [Redacted] a letter that effectively cancelled the January 5, 2005, Notice of Deficiency Determination but stated that Mr. [Redacted] still needed to file his 2001 and 2002 Idaho income tax returns. The letter also stated an income tax return for 2004 was also now due. Mr. [Redacted] did not respond to the Bureau's letter, so the Bureau prepared a second Notice of Deficiency Determination dated May 19, 2006, which included 2004, and sent it to [Redacted] (taxpayers).

The taxpayers did not respond to the second Notice of Deficiency Determination. However, since Mr. [Redacted] protested the January 5, 2005, determination and the May 19, 2006, determination was essentially a continuation of the January 5, 2005, determination, the

Bureau considered the May 19, 2006, determination protested. Therefore, the Bureau referred the matter for administrative review.

The Tax Commission sent the taxpayers a letter setting forth the two methods available for redetermining a Notice of Deficiency Determination. The taxpayers did not respond to the Tax Commission's hearing rights letter nor did they respond to the follow-up letter that was sent. Therefore, the Tax Commission decided the matter based upon the information available.

Initially, the Bureau began looking into Mr. [Redacted]'s Idaho income tax filing requirements when it found in the Tax Commission's records that Mr. [Redacted] filed a 1996 and a 2003 Idaho individual income tax return but no returns for the years in between. The Bureau sent Mr. [Redacted] a letter asking him about his requirement to file Idaho income tax returns. Mr. [Redacted] did not respond so the Bureau prepared returns for Mr. [Redacted] based upon information it received [Redacted]. The Bureau sent Mr. [Redacted] a Notice of Deficiency Determination which Mr. [Redacted] protested.

As previously stated, Mr. [Redacted] provided some of the returns with his protest; the Notice of Deficiency Determination was cancelled for those years; the entire Notice of Deficiency Determination was later cancelled; and a new Notice of Deficiency Determination was issued to the taxpayers that included an additional year. The taxpayers stated they intended to submit returns for 2001 and 2002, but after a significant amount of time had passed, no returns were provided.

Mr. [Redacted] claimed that for the tax years 2001 and 2002 he filed married filing joint with his wife, [Redacted]. The information the Bureau received [Redacted] confirmed this. The Notice of Deficiency Determination dated May 19, 2006, was based upon the federal information the Bureau received from the IRS. The taxpayers failed to provide anything to show that the

Bureau's determination was incorrect. They have not met their burden of proof. Albertson's, Inc. v. State, Dept. of Revenue, 106 Idaho 810, 814, 683 P.2d 846, 850 (1984); Parsons v. Idaho State Tax Commission, 110 Idaho 572, 574-575 n.2, 716 P.2d 1344, 1346-1347 n.2 (Ct. App. 1986).

The Tax Commission reviewed the returns prepared by the Bureau and found that they are an accurate representation of the taxpayers' Idaho taxable income. The Tax Commission also found that the additions of penalty and interest the Bureau made to the taxpayers' Idaho income tax were appropriate and in accordance with Idaho Code sections 63-3045 and 63-3046, respectively. Therefore, the Tax Commission upholds the Bureau's determination.

WHEREFORE, the Notice of Deficiency Determination dated May 19, 2006, is hereby APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the taxpayers pay the following tax, penalty and interest:

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2001	\$ 1,123	\$ 281	\$ 367	\$ 1,771
2002	269	67	71	407
2004	2,840	710	425	<u>3,975</u>
			TOTAL DUE	<u>\$ 6,153</u>

Interest is computed to September 1, 2007.

DEMAND for immediate payment of the foregoing amount is hereby made and given.

An explanation of taxpayers' right to appeal this decision is enclosed.

DATED this ____ day of _____, 2007.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE BY MAIL

I hereby certify that I have on this ____ day of _____, 2007, served a copy of the within and foregoing DECISION by sending the same by United States mail, postage prepaid, in an envelope addressed to:

[REDACTED]

Receipt No.
